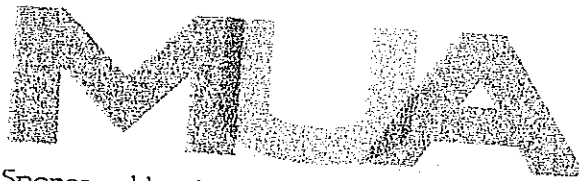


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS - APRIL 2013

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

UCU 403: BUSINESS MANAGEMENT INFORMATION SYSTEMS

DATE: 19TH APRIL 2013

DURATION: 2 HOURS
MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains six (6) questions.
4. Question ONE is compulsory.
5. Answer any other **THREE** questions.
6. Question one carries 25 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Study the following case and answer the questions that follow.

CONTINENTAL AVIATION Resorts to Downsizing and In-sourcing

In 2010, Continental Aviation Company was in a financial crisis. The company posted KES 1.5 billion loss for the fourth quarter of 2009, compared with earnings of KES 1.2 billion the same period a year earlier. Drastic measures were necessary to try to save the aviation giant.

In an effort to cut costs and improve financial results, Continental Aviation restructured its operations-cutting 200 jobs, closing two subsidiary companies and discontinuing three of the non core business operations. The company then turned to streamlining its business processes. "Continental Aviation understands the only way to improve their financial position is to streamline internal processes, because that has the highest potential for cutting costs" said Mark, an analyst.

So, Continental Aviation decided to move from outsourced information system management to in-house employees to save the cost of expensive in-house contracted services. At the time the company had roughly 100 Information Technology workers, handling duties such as data storage, e-commerce projects and PC maintenance. Approximately 60 to 70 percent of those IT workers were not Continental Aviation employees. They were instead employed by large technology companies or dozens of smaller technology firms. Through an evaluation system called Project Renaissance, the company chose what it thought were the best and most valuable of the contract workers and converted them to full-time employees. Continental Aviation said it had become less expensive to employ these workers as full-time employees, rather than paying an agency or another company those workers' salaries plus an administrative fee.

Continental Aviation isn't alone in looking to keep its information system talent intact while trimming costs by either eliminating consultants or converting those workers into regular staffers. Companies are doing whatever they can to streamline their information systems and services while maintaining and if possible improving the quality of technology infrastructure to gain a competitive advantage.

- a) What benefits can Continental Aviation attain in outsourcing the development of their computer-based Information systems? (10 marks)
- b) What factors lead firms such as Continental Aviation in seeking competitive advantage using information technology? (5 marks)
- c) Suggest any five factors that Continental Aviation should consider to ensure the success of Project Renaissance (5 marks)

SECTION A

Answer ONLY ONE question from this section

QUESTION ONE

MAVOKO MANUFACTURING COMPANY

"Tom Mwaura, a management expert, has just been appointed the new General Manager of Mavoko manufacturing Company in Machakos County. On his first day visit, Caroline Mueni, the current Head of Human Resource set to brief Tom on the challenges facing the Organization. After the brief, Tom quickly realized that some of the problems bedeviling the company included irrational decision making, lack of team work and poor communication as the main sources of employee grievances. Staff also faced low employee morale, increased indiscipline, widespread rumors and grapevine and very low productivity. To make it worse, managers lack commitment and ownership of tasks and responsibilities".

REQUIRED

- a) As a management expert, what management initiatives and measures should Tom, the new General Manager take to overcome the problems at Mavoko Manufacturing Company? (10 marks)
- b) Explain five benefits Mavoko Manufacturing Company may get by both Tom and Caroline implementing proper management structures and policies that ensure smooth flow of work. (5 marks)

QUESTION TWO

KEINO FLOWER & HORTICULTURE COMPANY LTD

"Keino Flower & Horticulture Company Limited started its business in the year 2010, and ever since has grown in leaps and bounds. Staff are employed on merit through competitive sourcing. The over 200 employees of the company have a canteen and break intervals at 10.00 am for tea, 1.00 pm for lunch and 4.00 pm for tea. The official working hours are 8.00 am to 5.00 pm and any over time is agreed in

advance and paid for promptly as per the agreed union rates. The company also rewards and recognizes staff for good performance, initiatives and productivity every month through their employee of the month reward programme. The company believes in the abilities of staff and thus invests heavily in training and development of staff. Employees also have a dispensary, annual salary reviews based on performance and annual bonus payments pegged on performance. Keino Company has been registering impressive profits i.e. 10 million Net profit in 2010 and 25 million Net profit in 2011. In 2012, they are on course to achieving 40 million Net.

However, the neighboring Peni Flower and Horticulture Company Limited just 100 meters away, believe in strict management principles. All staff are made to report at 7.00 am to ensure everybody is in by 8.00 am, because the company does not believe in losing any time. Peni doesn't have tea breaks at 10.00 am and 4.00 pm because it believes it's a waste of time and unnecessary cost to the company. Lunch is only half an hour and no food is provided. Any lateness, absenteeism results in summary dismissal or salary deductions, except for those in the good books of managers and supervisors. No overtime are paid, no salary reviews or bonus payments. Employees have no medical cover, nor training opportunities. Despite having started in 2009, Peni Company has been making perennial losses every year."

REQUIRED

- (a) What styles (approaches) of management did both Keino Company and Peni Company practice according to Douglas McGregor's theory of management?
(8 marks)
- (b) Briefly explain the pros and cons of each of these styles of management in a modern organization.
(7 marks)